

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-08 COME-00 GSA-02 INT-05 L-03

PM-04 NSC-05 SP-02 SS-15 AID-05 CIAE-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

LAB-04 SIL-01 OMB-01 /086 W

-----222050Z 060248 /72

R 210905Z APR 77

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 6980

INFO AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE KUALA LUMPUR 2542

E.O. 11652: N/A

TAGS: EMIN, MY

SUBJECT: NEW JOINT VENTURE MINING AGREEMENT IN MALAYSIA

1. THE PAHANG TANGARA DEVELOPMENT AUTHORITY (A GOM-OWNED CORPORATION) AND CONZINC RIOTINTO MALAYSIA (CRM) HAVE ANNOUNCED A JOINT VENTURE TO EXPLORE FOR TIN AND OTHER MINERALS IN 500 SQ. MILE AREA OF THE STATE OF PAHANG. CRM, WHO HAS "OPERATIONAL" CONTROL OF PROJECT, HAS AGREED TO MEET ALL OF FIRST YEAR EXPLORATION COSTS (US\$80,000) AND WILL SHARE FUTURE COSTS, AS WELL AS EQUITY, WITH THE GOVT. CORP OF A 70-30 BASIS -- CRM HAVING THE 30 PERCENT INTEREST. THE PAHANG STATE GOVERNMENT HAS ISSUED A PROSPECTING LICENSE TO THE JOINT VENTURE.

2. COMMENT: THIS JOINT VENTURE AGREEMENT IS PRECISELY THE TYPE OF ARRANGEMENT GOM IS PUSHING FOR IN ALL EXTRACTIVE INDUSTRIES UNDER ITS NEW ECONOMIC POLICY. FUTURE MINING VENTURES CAN BE EXPECTED TO GENERALLY FOLLOW THIS MINORITY EQUITY APPROACH. AS YET, HOWEVER, THE 70-30 REQUIREMENT HAS NOT BEEN PUT TO THE TEST OF A LIMITED OFFICIAL USE

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LARGE VENTURE REQUIRING SUBSTANTIAL CAPITAL INPUTS. WHEN THIS SITUATION DOES ARISE THE FEDERAL GOVERNMENT WOULD LIKELY ACT AS FINANCIAL GUARANTOR FOR EITHER STATE GOVERNMENTS OR PUBLIC CORPORATIONS THAT WANTED TO EXPLOIT RESOURCES ON A JOINT VENTURE BASIS BUT ARE UNABLE TO RAISE FUNDING THEMSELVES. THE PRESENT AGREEMENT COULD POSSIBLY SIGNIFY A NEW PHASE OF DEVELOPMENT OF

THE LOCAL MINING INDUSTRY THAT HAS BEEN RELATIVELY  
STAGNANT BECAUSE OF CONCERN OVER EQUITY REQUIREMENTS  
AND STATE GOVERNMENT POLICIES.  
UNDERHILL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Status:** NATIVE  
**Subject:** NEW JOINT VENTURE MINING AGREEMENT IN MALAYSIA  
**TAGS:** EMIN, MY, CRM, PAHANG TANGARA DEVELOPMENT  
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**Review Markings:**  
Margaret P. Grafeld  
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